

Message Text

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DRAFTED BY EUR/EE:THGERTH/RN

APPROVED BY EB:WGEIMER

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SUBJECT: HUNGARIAN-US ECONOMIC COUNCIL LEADERS MEET WITH
EB DEPUTY ASSISTANT SECRETARY GEIMER

1. CHAIRMAN OF THE HUNGARIAN SECTION OF THE COUNCIL JOZSEF
MOLNAR AND US COUNTERPART JAMES CARTER MET SEPTEMBER 28
WITH EB DEPASSTSEC WILLIAM GEIMER. DEPASSTSEC ARMITAGE,
AMBASSADOR ESZTERGALYOS, COMMERCIAL COUNSELOR LAKOS, AND
US CHAMBER OF COMMERCE OFFICIAL MCPHUN WERE ALSO PRESENT.
MOLNAR REITERATED THE PERSONAL INTEREST OF DEPUTY PRIME
MINISTER SZEKER IN THE DEVELOPMENT OF BUSINESS BY MEMBERS
OF THE HUNGARIAN DELEGATION (BUDAPEST 3327). HE PRAISED
THE CHAMBER'S ORGANIZATIONAL SKILLS AND LABELLED THE TWO-
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DAY ECONOMIC COUNCIL MEETING AS SUCCESSFUL. HE FELT THAT

THE HUNGARIAN SIDE HAD GOTTEN OFF TO A SLOW START DURING THE FIRST DAY, BUT, AFTER ACCEPTING MR. CARTER'S SUGGESTION TO TALK IN SPECIFIC, CONCRETE TERMS, THE MEETINGS HAD PROGRESSED WELL. HE STRESSED THAT 90 PERCENT OF THE DELEGATION HAD COME TO STAY AND DO BUSINESS, AND PROJECTED THAT SOME \$80 MILLION IN CONTRACTS WOULD BE SIGNED. \$55 MILLION WOULD BE IN EXPORTS TO HUNGARY, BUT THE IMBALANCE WAS NOT IMPORTANT. HE ALSO NOTED THAT BANKERS ARE ACCOMPANYING THE DELEGATION, SO THAT MEMBERS WILL BE ABLE TO

CLOSE DEALS.

2. MOLNAR STATED THAT PRESIDENT FORD, SECRETARY RICHARDSON AND SZEKER HAD TALKED SERIOUSLY ABOUT THE PROBLEMS OF MFN AND EXIM CREDITS. THIS WAS FOR GOVERNMENT LEADERS TO ARRANGE AND DECIDE. DESPITE THESE HANDICAPS HUNGARIAN BUSINESSMEN WANT TO DO BUSINESS, TAKING FULL USE OF EXISTING POSSIBILITIES NOW AND PREPARING A BASE FOR THE FUTURE WHEN SUCH RESTRICTIONS NO LONGER EXIST.

3. MR. GEIMER STRESSED THE NEED FOR RESEARCH OF THE US MARKET. MOLNAR NOTED THAT SZEKER ALSO IS EMPHASIZING THIS AND THAT THE DEPUTY PRIME MINISTER HAD INSISTED THAT DR. ENDRE KOVACS, GENERAL DIRECTOR OF THE HUNGARIAN ECONOMIC AND MARKET RESEARCH INSTITUTE, BE INCLUDED IN THE DELEGATION. HE WOULD BE MEETING WITH LEADING U.S. MARKET RESEARCH INSTITUTES AND CONSULTING FIRMS.

4. IN RESPONSE TO MR. ARMITAGE'S QUERY ON JOINT EQUITY VENTURE LEGISLATION, MOLNAR CHARACTERIZED THE GOH ATTITUDE AS VERY FLEXIBLE. SUCH ARRANGEMENTS WOULD BE CONSIDERED ON A CASE-BY-CASE BASIS. MOLNAR REFERRED SPECIFICALLY TO THE PROPOSED PEPSICO INVESTMENT IN A FACTORY TO PRODUCE BASEBALL GLOVES. AGREEMENT IN PRINCIPLE HAD BEEN REACHED; NOW THE EXPERTS MUST GET TOGETHER TO DETERMINE HOW TO PROCEED. MR. ARMITAGE NOTED THAT SUCH PILOT PROJECTS WERE NECESSARY, ESPECIALLY IN THE EQUITY CAPITAL AREA, BECAUSE THERE ARE UNDOUBTEDLY PROBLEMS BOTH PRACTICAL IDEOLOGICAL, THAT MUST BE CONSIDERED AND IRONED OUT.

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5. MOLNAR POINTED OUT THAT IN THE AREA OF LEATHER GOODS AN IMPORTANT COOPERATION AGREEMENT BETWEEN KATY INDUSTRIES AND THE MINOSEGI SHOE FACTORY ALREADY EXISTS. NEXT YEAR 750,000 PAIRS OF SHOES WOULD BE PRODUCED UNDER THIS AGREEMENT. MR. GEIMER, WHILE WELCOMING THIS PROGRESS, NOTED THAT THERE WAS CONCERN IN THE U.S. ABOUT COMPETITION WITH OUR DOMESTIC SHOE INDUSTRY. MOLNAR REPLIED THAT THE SHOES PRODUCED UNDER THIS AGREEMENT ARE NOT OF A TYPE MANUFAC-

TURED IN THE U.S.

6. MR. CARTER MENTIONED THE POSSIBILITY OF COOPERATIVE EFFORTS IN TRD COUNTRY MARKETS, SUGGESTING THAT HUNGARY AS A SOCIALIST COUNTRY MIGHT HAVE BETTER ENTRY INTO CERTAIN THIRD-WORLD MARKETS. HE NOTED THAT SUITABLE OPPORTUNITIES EXIST FOR JOINT AGROBUSINESS VENTURES IN UNDERDEVELOPED COUNTRIES.

7. MR. GEIMER CHARACTERIZED THE PRESENTATIONS OF MOLNAR AND CARTER AS VERY POSITIVE AND ENCOURAGING. HE STRONGLY ENDORSED THE CONSTRUCTIVE COOPERATION BETWEEN THE U.S. AND HUNGARIAN CHAMBERS OF COMMERCE. ROBINSON

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